

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TENNESSEE**

<b>Premier Imaging / Medical Systems, Inc.,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	<b>Civil Action No.</b>
	)	
<b>Coffey Family Medical Clinic, P.C. and</b>	)	
<b>Pioneer Health Services of Oneida, LLC a/k/a</b>	)	
<b>Pioneer Community Hospital of Scott,</b>	)	
	)	
<b>Defendants.</b>	)	
	)	
	)	

**COMPLAINT**

Comes now Plaintiff, Premier Imaging / Medical Systems, Inc. ("Plaintiff"), by and through counsel, brings this Complaint against Coffey Family Medical Clinic, P.C. ("CFMC") and Pioneer Health Services of Oneida, LLC a/k/a Pioneer Community Hospital of Scott ("Pioneer," collectively, "Defendants") for breach of contract.

In support thereof Plaintiff would show:

**PARTIES**

1. Plaintiff is a Georgia corporation with its principal place of business located in Rome, Georgia 30162.
2. Defendant CFMC is a Tennessee professional corporation with its principal place of business at 281 Underpass Drive, Oneida, Tennessee 37841.
3. Pioneer Health Services of Oneida, LLC a/k/a Pioneer Community Hospital of Scott is a limited liability company incorporated in Mississippi, which is registered to do business in the state of Tennessee, with its principal place of business at 110 Pioneer Way, Magee, Mississippi 39111.

## **JURISDICTION AND VENUE**

4. Jurisdiction is proper under 28 U.S.C. § 1332, as there is complete diversity of citizenship between the parties and the matter in controversy exceeds \$75,000.

5. Venue is proper under 28 U.S.C. 1391.

## **FACTS**

6. Plaintiff services imaging equipment for medical professionals and utilizes 3 or 5 year contracts to spread the risk and costs associated with servicing the equipment.

7. Plaintiff contracted with Defendant CFMC on January 1, 2011 for a five year servicing contract on a “General Electric QX/I Lightspeed CT with H1 gantry” for \$53,500.00 per year paid monthly in the amount of \$4,458.33 (the “Contract”). A true and correct copy of the Contract is attached as **Exhibit 1**.

8. Under the contract Plaintiff was required to provide a periodic maintenance inspection once per quarter or four times per year. Plaintiff would replace parts and provide routine demand service in accordance with the contract.

9. The Contract allowed cancelation by the customer “due to documented quality of service issues only.”

10. On or around January 1, 2014 Defendant Pioneer assumed management of Defendant CFMC and Dr. Bruce Coffey, the owner of CFMC, began working for Defendant Pioneer.

11. As part of the agreement between Defendant CFMC and Defendant Pioneer, Plaintiff believes Defendant Pioneer assumed responsibility for the obligations and liabilities of the Contract on or around January 1, 2014, along with other obligations of Defendant CFMC.

12. On January 17, 2014, Tony Taylor, CEO of Defendant Pioneer at the time, sent Plaintiff a letter stating that “On January 1<sup>st</sup>, 2014 Pioneer Health Services of Oneida acquired

Coffey Family Medical Center. Regretfully since we will no longer be performing CT examinations at this location, Pioneer Health Services of Oneida will not be continuing with or seeking a service agreement with Premier Imaging/Medical Systems, Inc.” A true and correct copy of the letter is attached as **Exhibit 2**.

13. Dr. Bruce Coffey, on behalf of Defendant CFMC, sent a letter dated February 7, 2014, asserting that Defendant Pioneer assumed responsibility for the Contract. A true and correct copy of the letter is attached as **Exhibit 3**.

14. Dr. Coffey also stated that the “letter serves notice that I am hereby cancelling the above service agreement” because he was told that Defendant Pioneer attempted to cancel the contract but informed him that “I had to cancel the agreement due to being the original owner of the contract.”

15. Defendants never notified Plaintiff of any quality of service issues.

16. Defendants have failed to make the required payments under the contract.

17. Defendants have not made a payment since April 2014 and are past due in the amount of \$96,149.33 as of November 2015.

## **CAUSES OF ACTION**

### **Count I – Breach of Contract**

18. The allegations contained in paragraphs 1 through 18 are incorporated by reference.

19. Defendant CFMC signed the Contract and is bound by its terms.

20. Defendants never documented any quality of service issues.

21. Defendants admit the cancelation was not for quality of service issues in the letters sent to Plaintiff.

22. Defendant Pioneer assumed the obligations and liabilities of the Contract and is

jointly and severally liable with Defendant CFMC for any damages resulting from a breach of contract.

23. Defendants failure to pay according to the terms of the Contract is a breach of the contract.

24. Plaintiff has been damaged in the amount due under the Contract.

**WHEREFORE**, Plaintiff prays for the following relief:

1. That the Court award damages resulting from the breach of the Contract by the Defendants;

2. That Plaintiff have any and all other specific and general relief to which Plaintiff may be entitled; and

3. That all court costs and attorney's fees be adjudged against Defendants.

Dated: November 9, 2015

Respectfully submitted,

s/ John R. Wingo

John R. Wingo (Sup. Ct. No. 16955)  
Nicholas R. Barry (Sup. Ct. No. 31963)  
STITES & HARBISON PLLC  
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Nashville, TN 37219-2490  
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*Counsel for Plaintiff*

Coffey Family Medical Clinic  
Contract 111710-1gm

PERIODIC MAINTENANCE CONTRACT / GENERAL AGREEMENT

This Agreement made and entered into this 1st day of January, 2011 by and between Coffey Family Medical Clinic, 281 Underpass Dr, Oneida, TN 37841, (Purchaser) and PREMIER *MAGNUM* / MEDICAL SYSTEMS, INC.

PREMIER *MAGNUM* / MEDICAL SYSTEMS, INCORPORATED agrees to furnish service maintenance on the equipment listed below according to the terms and conditions set forth in the applicable service agreement, which is attached hereto and incorporated herein and initiated by the customer, all of which constitute the agreement between PREMIER *MAGNUM* / MEDICAL SYSTEMS, INC. and Coffey Family Medical Clinic.

**TERMS OF AGREEMENT:** The terms of this Service Agreement shall extend for five (5) years, beginning January 1st, 2011 and ending December 31st, 2016. The total charge for the equipment listed is described in cost of coverage, plus any additional charge computed in accordance with the applicable service agreement.

**TYPE OF COVERAGE:** Periodic maintenance, service, parts, glassware.

**COST OF COVERAGE:** \$53,500.00 per year, due in monthly payments of \$4458.33. Payments are due on the 1<sup>st</sup> day of each month.

**COVERED EQUIPMENT:** General Electric QX/i Lightspeed CT with H1 gantry

**SERVICE AGREEMENT:** In accordance with the conditions of this agreement, PREMIER *MAGNUM* / MEDICAL SYSTEMS, INC. will provide one (1) periodic maintenance inspection per quarter or 4 per year. Replacement parts and routine demand service will be covered under this agreement.

**TERMS OF AGREEMENT:** This service agreement becomes effective as shown on page one and is to remain in effect for period indicated on page one. Charge for the above described maintenance agreement will be as described above. The initial payment is due on the effective date of this contract. The remaining installment payments are due at one-month intervals following the effective date of this contract.

**PERIODIC MAINTENANCE VISITS:** PREMIER *MAGNUM* / MEDICAL SYSTEMS, INC. representatives shall make periodic maintenance inspection visits during this service agreement period, at reasonably spaced intervals to inspect and test the equipment described in this agreement. Periodic maintenance inspection visits will be scheduled in advance, and shall be scheduled during normal working hours as defined in this agreement. Periodic maintenance visits include calibration & inspections.

**NORMAL WORKING HOURS:** For the period of this service agreement, service shall be provided during the hours between 8:00 a.m. and 5:00 p.m., Monday through Friday, excluding PREMIER *MAGNUM* / MEDICAL SYSTEMS, INC. official holidays.

**NOT COVERED:** Labor, parts and expenses necessary to repair equipment damaged by fire, floods, lightning, accidents, riots, acts of God, natural disasters, water damages, extreme incoming supply voltage variations, misuse or negligence, or vandalism.

Contract 111710-1gm

**EXHIBIT 1**

OVERTIME RATES: Service provided outside the hours defined under "Normal Working Hours" shall be invoiced at \$277.50 per hour.

WORK ASSIGNMENTS: PREMIER *IMAGING* / MEDICAL SYSTEMS, INC. shall have sole discretion to assign those employees necessary to perform all service labor.

SERVICE CALLS: PREMIER *IMAGING* / MEDICAL SYSTEMS, INC. shall make service visits as requested by the customer and the service personnel shall be given full and free access to perform the service requested.

EQUIPMENT ACCEPTANCE: Acceptance of this agreement by PREMIER *IMAGING* / MEDICAL SYSTEMS, INC. shall be on the condition that all equipment is in good working order. All repairs necessary to bring this equipment up to acceptable industry standards shall be excluded from this agreement, and such work shall be separately invoiced to the customer on a time and material basis at prevailing rates.

DOCUMENTATION: The customer is responsible for and shall provide at their expense all documentation (including schematics, service manuals, calibration manual, parts manual and software calibration, diagnostic) needed to properly perform the services described in COVERAGE DESCRIPTION.

CANCELLATION CLAUSE: The customer may cancel this contract due to documented quality of service issues only. PREMIER *IMAGING* / MEDICAL SYSTEMS, INC may cancel the contract if purchaser fails to make the contract payments in a timely manner.

COVERAGE DESCRIPTION: A periodic maintenance inspection involves mechanical, electrical calibration and inspection. If a component needs to be repaired or replaced, the service engineer will replace or repair part at their discretion.

PRE EXISTING CONDITIONS -Labor and parts to correct equipment deficiencies which are known at the inception of the agreement. These deficiencies will be documented by PREMIER *IMAGING* / MEDICAL SYSTEMS within 10 working days of the beginning date of agreement. Labor to correct these deficiencies will be invoiced separately from this agreement.

Printed name *Rosemary B Coffey*  
Title *Administrator*  
Signature *Rosemary B Coffey* Date *11/24/10*  
Coffey Family Medicine

Robin West  
President  
Signature *Robin West* Date *11/17/10*  
Premier *Imaging* / Medical Systems

**PIONEER**  
Community Hospital of Scott



18797 Alberta Street  
Oneida, Tennessee 37841  
(423) 569-8521

January 17, 2014

Premier Imaging/Medical Systems, Inc.  
P.O. Box 188  
Rome, GA 30162

Mr. Bob West

It is my understanding that Coffey Family Medical Center, located at 281 Underpass Drive Oneida, TN 37841 had a Service Agreement with your company for their General Electric QX/I Lightspeed CT.

On January 1<sup>st</sup>, 2014 Pioneer Health Services of Oneida acquired Coffey Family Medical Center.

Regretfully since we will no longer be performing CT examinations at this location, Pioneer Health Services of Oneida will not be continuing with or seeking a service agreement with Premier Imaging/Medical Systems, Inc.

Sincerely

Tony Taylor, CEO

**EXHIBIT 2**



**Coffey Family Medical Clinic, PC**  
**Bruce Coffey, M. D.**

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02/07/2014

Premier Imaging / Medical Systems, Inc.  
PO Box 188  
Rome, GA 30162-188

RE: Service Contract, GE QX/I Lightspeed CT with H1 Gantry

To Whom It May Concern:

Please be advised that as of January 2, 2014 my medical practice, Coffey Family Medical Clinic, came under the new management of Pioneer Health Systems, and is now Pioneer Family Medical of Oneida. As part of this management process, Pioneer Health Systems assumed responsibility of this service contract. It is my understanding that they have notified you in an effort to cancel this service agreement, but were told I had to cancel the agreement due to being the original owner of contract.

This letter serves notice that I am hereby cancelling the above service agreement. Any fees accumulated after 01/02/2014 should be waived as Pioneer Health Systems attempted to cancel the agreement but was not allowed to.

Thank you,

Bruce Coffey, MD  
DBC/mf